

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MARCH 8, 2005**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of March 8, 2005, was called to order by Mayor Beckman at 7:03 a.m.

Present: Council Members – Hansen, Johnson, Mounce (arrived at 7:07 a.m.), and
Mayor Beckman

Absent: Council Members – Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. REGULAR CALENDAR

B-1 “Administrative Purchasing Policy and Procedures”

City Manager King recalled that one of the first things he was told when he began employment with the City in January was that the purchasing system was not working and was being circumvented because it was ill defined and ambiguous. Currently, the City Manager is signing every acquisition over \$100. Staff will be presenting a package to include policies, procedures, and ordinance amendments to create a more efficient, streamlined purchasing system.

Finance Director Krueger noted that the purchasing function is part of the Finance Department and includes the positions of Purchasing Officer, Buyer, Purchasing Technician, and two positions that are assigned to store-keeping responsibilities. The Purchasing Division is located at the Municipal Service Center and is responsible for purchasing supplies, materials, equipment, and provides delivery services, inventory management, and disposal of surplus property.

Deputy City Manager Keeter reported that Government Code Section 54202 requires that every local agency have adopted policies and procedures including bidding regulations governing purchases of supplies and equipment. Lodi has been using the National Association of Purchasing Management Procedures. Ms. Keeter reviewed Lodi Municipal Code Chapter 3.20.

Mr. King noted that an important objective for a purchasing policy is to control expenses. The City has a fiduciary responsibility to ensure that every dollar is spent properly. Flexibility is also important so that the City can act in a business-like fashion. Staff wants to evolve from the current traditional “city store” to “just-in-time” purchasing practices.

Ms. Keeter reported that Purchasing Officer, Joel Harris, has prepared a proposed purchasing policy, which includes a definition that “best value” is associated with determining the greatest worth and benefit to the City based on a number of factors including cost, quality of the product or service, delivery, lead time, ability of the manufacturer/contractor to provide the service, supplies, etc., and the character, integrity, reputation, judgment, and experience of the manufacturer, contractor, or supplier. Ms. Keeter reviewed the current procedure for making a purchase.

Mr. King suggested that purchases under \$500 be made through an informal bidding process. A formal bid process for purchases over \$500 would require written bids. Department Head approval range would be a maximum of \$2,500 to \$3,000, City Manager approval up to \$15,000, and City Council approval would be needed to make any purchase above \$15,000.

Mr. Krueger explained that informal bids would require three quotes. For office supplies, a blanket process with established vendors would be used.

Council Member Mounce outlined a typical annual selection process for vendors that is commonly used in businesses.

Mayor Beckman and Council Members Hansen and Johnson were in favor of the City Manager having authority to approve purchases up to \$20,000. In reference to Department Heads' authority, Mayor Beckman asked to be provided with more information regarding follow up and accountability issues.

Council Member Mounce voiced approval of the recommended amounts as presented in the staff report; however, she was not in favor of higher amounts.

Mr. King stated that staff would return with a formal policy and ordinance for Council's approval, subsequent to which a procedure manual would be developed. He questioned whether Council would be interested in creating a system that would preference local vendors.

Council Member Johnson asked that Council be provided with more information regarding the checks and balances of bidding exceptions, specifically that of technical/professional requirements precluding competitive bidding.

MOTION / VOTE:

There was no Council action taken on this matter.

C. CLOSED SESSION

At 7:57 a.m., Mayor Beckman adjourned the Special City Council meeting to a Closed Session to discuss the following matters:

C-1 Actual litigation: Government Code §54956.9(a); one case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al.; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM

C-2 Conference with legal counsel – anticipated litigation – significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed

The Closed Session adjourned at 8:13 a.m.

D. RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 8:13 a.m., Mayor Beckman reconvened the Special City Council meeting, and City Attorney Schwabauer disclosed that no reportable action was taken in closed session.

E. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:14 a.m.

ATTEST:

Susan J. Blackston
City Clerk